

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4679-01
BILL NO.: HB 2126
SUBJECT: Crime Victims' Compensation Fund
TYPE: Original
DATE: April 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Crime Victims' Compensation Fund	(\$520,833)	(\$643,750)	(\$663,063)
Total Estimated Net Effect on <u>All</u> State Funds	(\$520,833)	(\$643,750)	(\$663,063)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Labor and Industrial Relations (DOL)** assume the proposal would increase the compensation amount awarded to the victim for loss of earnings or support from gainful employment to \$25,000, and would remove life insurance from being considered as a collateral source in determining victims' eligibility of compensation from the Crime Victims' Compensation Fund. DOL assumes there will be fiscal impact to the fund, but was unable to provide estimates prior to issuance of this fiscal note.

Oversight notes that in response to a similar proposal in the prior legislative session which exempted life insurance benefits for purposes of determining victim compensation (but did not increase the loss of earnings compensation amount), DOL officials assumed that removing life insurance as a collateral source would result in additional claims being paid from the Crime Victims' Compensation Fund. The number of claims made to the program in FY's 95 and 96 from survivors of homicide victims whose claims were denied due to the availability of a collateral source of payment were 31 claims in FY95 and 25 claims in FY96. DOL assumed that 25 of those claims would now be paid from the Crime Victims' Compensation Fund (as the payor of last resort). At the new maximum compensation allowed in the current proposal of \$25,000, Oversight calculates that the total fiscal impact to the Fund would be \$625,000 (25 claims x \$25,000). Prorating this amount over 10 months in FY 2001 would result in an increased cost of \$520,833. Projected costs for FY 2002 are estimated at \$643,750 and FY 2003 costs at \$663,063, as adjusted for inflation. However, the true impact to the fund will depend on the number of homicides and those who make claims each year. The fiscal note reflects the amounts calculated above based on historical data and assuming victims would be eligible for the maximum compensation for loss of earnings or support.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			

CRIME VICTIMS' COMPENSATION FUND

<u>Costs - increased claim amounts</u>	<u>(\$520,833)</u>	<u>(\$643,750)</u>	<u>(\$663,063)</u>
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	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal adds life insurance benefits as a source of revenue that will not reduce compensation paid under the crime victims' compensation fund. It also increases the maximum allowable compensation for loss of earnings or support to \$25,000 (the previous maximum was \$15,000, less a \$50 deduction for those under age sixty-five).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
April 4, 2000